

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 FRB-03

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P 231520Z AUG 74

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC PRIORITY 5106

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E.O. 11652: N/A

TAGS: EAIR, EINV, EIND, MASS, GR, US

SUBJECT: LOCKHEED REQUESTED TO PROVIDE ADDITIONAL GUARANTIES
FOR HELLENIC AIRCRAFT MAINTENANCE FACILITY

1. LOCKHEED REPS VISITED EMBASSY AUGUST 22 TO REPORT ON
RESULTS MEETINGS WITH HAI (HELLENIC AEROSPACE INDUSTRIES)
NEGOTIATING TEAM COMPOSED OF D. PSILOS, SECRETARY GENERAL,
MINISTRY OF COORDINATION AND MGEN (RET.) MORAITIS, DIRECTOR,
HAI PLANNING STAFF.

2. PSILOS AND MORAITIS INDICATED THAT GOG READY SIGN HAI
CONTRACT WITHIN NEXT TWO WEEKS IF FOLLOWING CONDITIONS MET:

A) INCREASE IN PERFORMANCE GUARANTEE TO COVER 10 O/O
RATHER THAN 5 O/O OF VALUE OF PROJECT (APPROX. \$12 MILLION
RATHER THAN \$6 MILLION); LOCKHEED BELIEVES THIS MANAGEABLE IF
CONTRACTOR'S PERFORMANCE BOND, COVERING 100 O/O OF CONSTRUCTION,
CAN BE INCLUDED IN VALUATION OF GUARANTEE.

B) LOCKHEED WOULD NOT UNDERTAKE ANY SIMILAR FACILITY IN ANY
OTHER BALKAN COUNTRY, INCLUDING TURKEY. LOCKHEED ALSO BELIEVES
THIS MANAGEABLE, AS ONLY SLIGHT MANEUVER WITH WORDING COULD
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ACCOMMODATE LOCKHEED'S POSSIBLE PARTICIPATION IN TURKISH

AIRCRAFT MANUFACTURING FACILITY.

C) U.S. GOVERNMENT WOULD GUARANTEE UNCONDITIONALLY THAT IT WOULD NOT INTERFERE IN ANY WAY WITH OPERATION OF CONTRACT DURING FIRST EIGHT TO TEN YEARS, AND LOCKHEED WOULD FOREGO USE OF FORCE MAJEURE AS ARGUMENT TO PREVENT POSSIBLE FORFEITURE OF ITS GUARANTEE.

3. LOCKHEED REPS REALIZE THAT USG GUARANTEE REQUESTED IN THIRD CONDITION NOT POSSIBLE. EMBASSY BELIEVES, HOWEVER, THAT STATEMENT ISSUED IN LIEU OF USG GUARANTEE BY APPROPRIATE U.S. AUTHORITY, TRANSMITTED BY EMBASSY, MIGHT BE ACCEPTABLE TO GOG IF IT CONTAINS FOLLOWING THREE POINTS:

A) FMS FINANCING ALREADY OBLIGATED;

B) EXPORT APPROVAL GRANTED FOR ALL ELECTRONIC AND STRATEGIC ITEMS;

C) USG LOOKS WITH FAVOR ON HAI PROJECT.

4. ACTION REQUESTED: EMBASSY REQUESTS IMMEDIATE GUIDANCE ON WHETHER SUCH STATEMENT COULD BE ISSUED AND APPROVAL AS TO CONTENT. LOCKHEED COULD THEN TEST GOG REACTION.
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Message Attributes

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